

AKRON-WESTFIELD
COMMUNITY SCHOOL DISTRICT

Akron, Iowa

Independent Auditor's Reports
Basic Financial Statements, Required Supplemental Information,
Supplemental Information and Schedule of Findings

June 30, 2015

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

OFFICIALS

JUNE 30, 2015

BOARD OF EDUCATION
(After September 2015 Election)

Nick Schoenfelder	President	2017
Jodi Thompson	Vice President	2019
Phil Parks	Board Member	2017
Bobby Walrod	Board Member	2017
Cory Tucker	Board Member	2017
Nick Mathistad	Board Member	2019
Deb Jordt	Board Member	2019

SCHOOL OFFICIALS

Randy Collins	Superintendent	2015
Cari Brogden	Board Secretary/Treasurer	2015
James Hanks	Attorney	Indefinite



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Akron-Westfield Community School District
Akron, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Akron-Westfield Community School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Akron-Westfield Community School District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the Akron-Westfield Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 42 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2016 on our consideration of the Akron-Westfield Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Akron-Westfield Community School District's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Akron-Westfield Community School District (the District) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 Financial Highlights

General Fund revenues increased from \$5,707,634 in fiscal year 2014 to \$5,724,921 in fiscal year 2015, and General Fund expenditures decreased from \$5,632,215 in fiscal year 2014 to \$5,573,223 in fiscal year 2015. The District's General Fund balance increased from \$1,779,581 in fiscal year 2014 to \$1,931,979 in fiscal year 2015, an 8.6 percent increase.

The increase in the General Fund balance was due to conservative spending and revenue raising measures, such as operational sharing, implemented by the district.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the Capital Project Funds and other nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

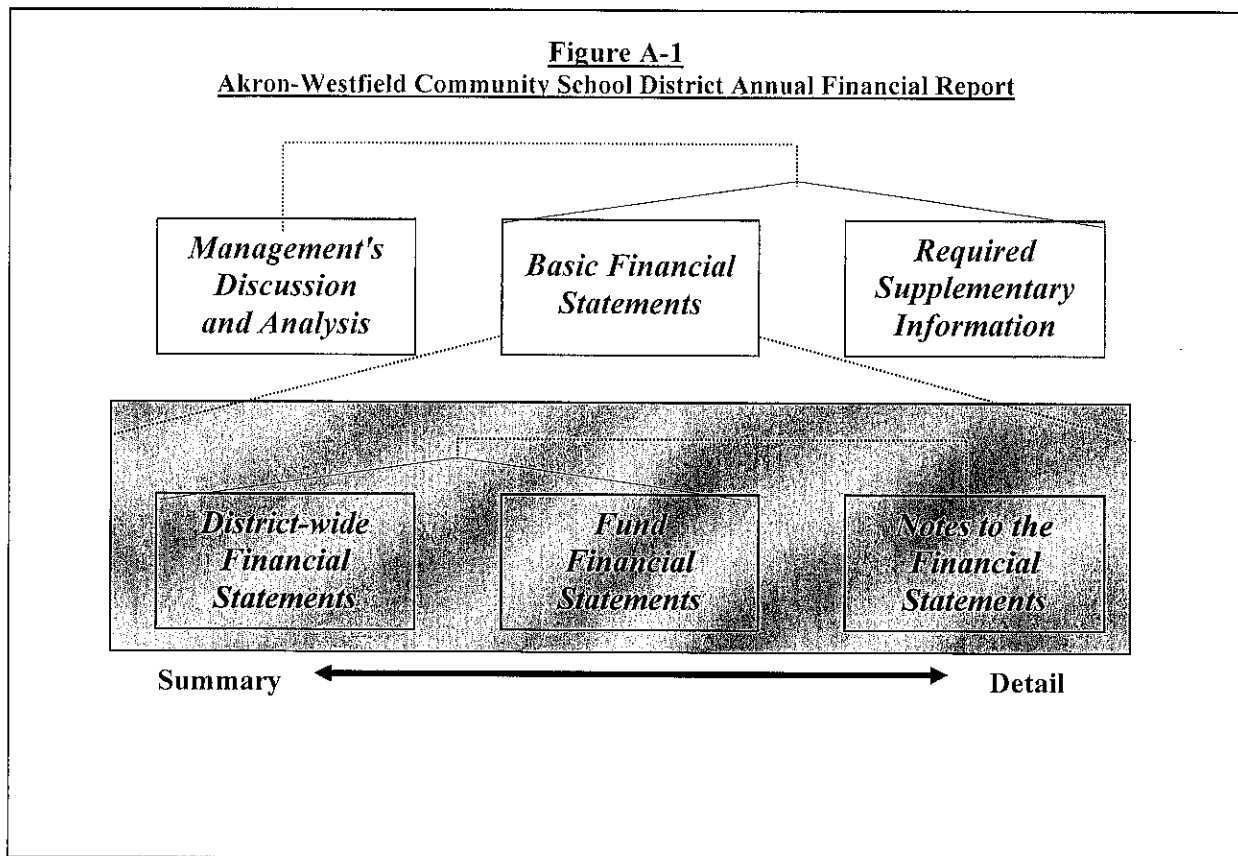


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<p align="center">Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</p>				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting The District's Financial Activities

Government-Wide Financial Statements - The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- Business-type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements - The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) Fiduciary funds: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's agency funds include the athletic boosters account and the employee flex account.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net assets and liabilities, if applicable.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 (In Thousands)
Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		Total Percentage <u>Change</u>
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	
Current and other assets	\$ 6,219	\$ 5,809	\$ 190	\$ 159	\$ 6,409	\$ 5,968	7.39%
Capital assets	<u>4,682</u>	<u>4,694</u>	<u>45</u>	<u>55</u>	<u>4,727</u>	<u>4,749</u>	-0.46%
Total assets	<u>10,901</u>	<u>10,503</u>	<u>235</u>	<u>214</u>	<u>11,136</u>	<u>10,717</u>	3.91%
Deferred Outflows of Resources	<u>411</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>430</u>	<u>-</u>	100%
Long-term liabilities	3,192	1,364	103	7	3,295	1,371	140.39%
Other liabilities	<u>790</u>	<u>725</u>	<u>5</u>	<u>5</u>	<u>795</u>	<u>730</u>	8.90%
Total liabilities	<u>3,982</u>	<u>2,089</u>	<u>108</u>	<u>12</u>	<u>4,090</u>	<u>2,101</u>	94.67%
Deferred Inflows of Resources	<u>3,115</u>	<u>2,271</u>	<u>35</u>	<u>-</u>	<u>3,150</u>	<u>2,271</u>	38.71%
Net Position:							
Net investment in							
capital assets	4,295	4,103	45	55	4,340	4,158	4.38%
Restricted	886	718	-	-	886	718	23.4%
Unrestricted	<u>-966</u>	<u>1,322</u>	<u>66</u>	<u>147</u>	<u>-900</u>	<u>1,469</u>	-161.27%
Total net position	<u>\$ 4,215</u>	<u>\$ 6,143</u>	<u>\$ 111</u>	<u>\$ 202</u>	<u>\$ 4,326</u>	<u>\$ 6,345</u>	31.82%

The District's combined net position increased by \$571,233 over the fiscal year 2014 restated amount. The governmental activities increased \$546,469 and the business-type activities increased \$24,764. The increase in the governmental activities was primarily due to additional costs incurred in the prior year relating to a capital lease entered into with Apple as part of the 1:1 laptop incentive program.

The increase in the business-type activities was due to the increase in district revenue received in fiscal year 2015.

Net investment in capital assets represents land, infrastructure, buildings and equipment less the related debt which is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constructional provisions or enabling legislation on how they can be used.

Unrestricted net position represent resources that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Governmental Accounting Standards Board Statement No. 68, *Accordingly and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by (\$2,475,668) and (\$116,055), respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4 (In Thousands)
Change in Net Position from Operations

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Total Percentage Change</u>
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	
Revenues:							
Program Revenues:							
Charges for services	\$ 1,045	\$ 1,004	\$ 229	\$ 223	\$ 1,274	\$ 1,227	3.83%
Operating grants, contributions and restricted interest	760	788	151	145	911	933	-2.36%
Capital grants, contributions and restricted interest	6	41	-	-	6	41	-85.37%
General revenues:							
Property tax	2,261	2,173	-	-	2,261	2,173	4.05%
Local surtax	98	118	-	-	98	118	-16.95%
State sales, service and use tax	532	410	-	-	532	410	29.76%
Unrestricted state grants	2,474	2,493	-	-	2,474	2,493	-0.76%
Investment earnings	3	5	-	-	3	5	-40%
Gain on disposal of capital assets	-	34	-	-	-	34	-100.00%
Sale of non-capital assets	-	2	-	-	-	2	-100.00%
Miscellaneous	18	21	-	-	18	21	-14.29%
Total revenues	7,197	7,089	380	368	7,577	7,457	1.61%
Expenses:							
Instruction	4,220	4,199	-	-	4,220	4,199	0.50%
Support services	1,866	2,319	-	-	1,866	2,319	-19.53%
Non-instructional	9	-	355	326	364	326	11.66%
Other expenses	556	437	-	-	556	437	27.23%
Total expenses	6,651	6,955	355	326	7,006	7,281	-3.78%
Change in net position	546	134	25	42	571	176	224.43%
Net position beginning of year, as restated	3,669	6,010	86	160	3,755	6,170	-39.14%
Net position end of year	\$ 4,215	\$ 6,144	\$ 111	\$ 202	\$ 4,326	\$ 6,346	-31.83%

In fiscal year 2015, property tax and unrestricted state grants accounted for 62.5 percent of the total revenue (62.6 percent in 2014). The District's expenses primarily relate to instruction and support services, which account for 86.87 percent of the total expenses (89.5 percent in 2014).

As shown in Figure A-4, the District as a whole experienced a 1.61 percent increase in revenues and a 3.78 percent decrease in expenses. The change in revenues is primarily due to the increase in student enrollment which affects funding received. The decrease in expenses is related to the decrease in instruction expenses which is primarily due to the careful management of staffing, especially with being thoughtful when replacing retired personnel.

Governmental Activities - Revenues for governmental activities were \$7,197,345 and expenses were \$6,650,876.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5 (In Thousands)

	<u>Total Cost of Services</u>		<u>Percent Change</u>	<u>Net Cost of Services</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2014</u> (Not Restated)		<u>2015</u>	<u>2014</u> (Not Restated)	
Instruction	\$ 4,220	\$ 4,199	0.50%	\$ 2,766	\$ 2,735	1.13%
Support services	1,866	2,319	-19.53%	1,775	2,231	-20.44%
Non-instructional	9	-	100.00%	9	-	100.00%
Other expenses	<u>556</u>	<u>437</u>	<u>27.23%</u>	<u>290</u>	<u>155</u>	<u>87.10%</u>
Totals	<u>\$ 6,651</u>	<u>\$ 6,955</u>	<u>-4.37%</u>	<u>\$ 4,840</u>	<u>\$ 5,121</u>	<u>5.49%</u>

- The cost financed by users of the District's programs was \$1,044,808.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$765,944.
- The net cost of governmental activities was financed with \$2,261,327 in property taxes, \$2,473,416 in unrestricted state grants, \$98,295 in local surtax and \$532,148 in statewide sales, services and use tax.

Business-Type Activities - Revenues for business-type activities during the year ended June 30, 2015 totaled \$380,248 representing a 3.27 percent increase from the prior year, while expenses were \$355,484, a 9.1 percent increase from the prior year. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District saw increases in both revenues and expenses due to an increase in student participation, increase student lunch fees, and income received from West Sioux for 60% of the food service director's salary and benefits. The school was able to effectively match costs with the available revenues.

Governmental Fund Analysis

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,970,046, which is more than last year's ending fund balances of \$2,706,755.

Governmental Fund Highlights

The General Fund balance increased from \$1,779,581 in fiscal year 2014 to a balance of \$1,931,979 in fiscal year 2015. The increase in the General Fund balance is attributed to the cost containment practices implemented by the district.

The Capital Projects Fund balance increased from \$555,592 in fiscal year 2014 to \$722,525 in fiscal year 2015 due to Capital Projects that were implemented and completed in fiscal year 2014. Capital Projects funds are being accumulated for future facility and equipment expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position increased from the restated balance of \$85,760 at June 30, 2014 to \$110,524 at June 30, 2015 due to the increase in district revenue received in fiscal year 2015.

Budgetary Highlights

The District's total revenues were \$187,096 more than budgeted revenues, a variance of 2.5 percent. The District's total expenditures were \$2,250,833 less than budgeted, a variance of 23.6 percent. A portion of the variances resulted from the District spending less in the instruction, and support services functions than anticipated. However, the final costs for the non-instructional programs function were higher than anticipated for fiscal year 2015 by \$54,105. Details can be found in the required supplementary information section of this report as required.

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2015, the District had invested \$4,726,556, net of accumulated depreciation in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, intangible assets, and transportation equipment. (See Figure A-6.) Total depreciation expense for the year was \$408,281.

Figure A-6 (In Thousands)

Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Percent Change</u>
	2015	2014	2015	2014	2015	2014	
Land	\$ 11	\$ 11	\$ -	\$ -	\$ 11	\$ 11	0.0%
Land improvements	324	324	-	-	324	324	0.0%
Construction in progress	132	134	-	-	132	134	-1.49%
Buildings	8,181	7,854	-	-	8,181	7,854	4.16%
Intangibles	52	52	-	-	52	52	0.0%
Furniture and equipment	1,732	1,736	133	131	1,865	1,867	-0.11%
Less: accumulated							
Depreciation	(5,751)	(5,417)	(88)	(76)	(5,839)	(5,493)	6.30%
Total	<u>\$ 4,681</u>	<u>\$ 4,694</u>	<u>\$ 45</u>	<u>\$ 55</u>	<u>\$ 4,726</u>	<u>\$ 4,749</u>	<u>-0.48%</u>

Long-Term Liabilities - As of June 30, 2015, the District had \$480,004 in capital lease obligations, \$135,201 in early retirement obligations outstanding, \$606,982 in net OPEB obligations, and \$2,073,079 in net pension liabilities (total of \$3,295,266). Table A-7 summarizes the District's long-term liabilities as of June 30, 2015 and 2014. Additional information about the District's long-term liabilities is presented in Note 6 to the financial statements.

Figures A-7 (In Thousands)

Long-Term Liabilities

	Total District <u>June 30,</u>		Total
	<u>2015</u>	<u>2014</u>	<u>Change</u>
General obligation refunding bonds	\$ -	\$ 150	-100.00%
Capital Lease	480	534	-10.11%
Early retirement	135	160	-15.63%
Net pension liabilities	2,073	-	100.00%
Net OPEB liabilities	<u>607</u>	<u>526</u>	<u>15.40%</u>
	<u>\$ 3,295</u>	<u>\$ 1,370</u>	<u>140.51%</u>

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Under Iowa's school funding formula, the District is highly dependent on student enrollment.
- The statewide one percent local option sales tax will continue to provide revenue for capital repairs and improvements.
- Many legislative changes are occurring at the state level, leaving a number things in regards to educating our students and how the state will finance that education uncertain.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cari Brogden, District Secretary/Treasurer, Akron-Westfield Community School District, 850 Kerr Drive, Akron, Iowa 51001.

BASIC FINANCIAL STATEMENTS

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,374,211	\$ 162,663	\$ 3,536,874
Receivables:			
Property tax:			
Delinquent	33,683	-	33,683
Succeeding year	2,360,164	-	2,360,164
Accounts	3,509	-	3,509
Notes Receivable	11,290	-	11,290
Interfund Balances	114	(114)	-
Due from other governments	436,395	19,449	455,844
Inventories	-	8,526	8,526
Land	11,388	-	11,388
Construction in progress	132,059	-	132,059
Infrastructure, Property and Equipment,			
Net of Accumulated Depreciation	4,538,296	44,813	4,583,109
Total assets	<u>10,901,109</u>	<u>235,337</u>	<u>11,136,446</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	<u>411,260</u>	<u>19,279</u>	<u>430,539</u>
LIABILITIES			
Accounts Payable	300,817	684	301,501
Salaries and benefits payable	481,900	-	481,900
Accrued interest payable	7,544	-	7,544
Unearned Revenue	-	4,824	4,824
Noncurrent Liabilities:			
Due Within One Year:			
Early retirement payable	46,566	-	46,566
Capital lease	149,013	-	149,013
Due in More Than One Year:			
Early retirement payable	88,635	-	88,635
Capital lease	330,991	-	330,991
Net Pension liability	1,980,248	92,831	2,073,079
Net OPEB liability	596,632	10,350	606,982
Total liabilities	<u>3,982,346</u>	<u>108,689</u>	<u>4,091,035</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-			
Subsequent Year Property Taxes	2,360,164	-	2,360,164
Pension Related Deferred Inflows	755,210	35,403	790,613
Total Deferred Inflows of Resources	<u>3,115,374</u>	<u>35,403</u>	<u>3,150,777</u>
NET POSITION			
Net investment in capital assets	4,295,188	44,813	4,340,001
Restricted for:			
Categorical funding	75,563	-	75,563
Debt Service	20,257	-	20,257
Capital projects	629,076	-	629,076
Other special revenue purposes	160,921	-	160,921
Unrestricted	(966,356)	65,711	(900,645)
Total Net Position	<u>\$ 4,214,649</u>	<u>\$ 110,524</u>	<u>\$ 4,325,173</u>

See Notes to Financial Statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Primary Government:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,935,770	\$ 533,445	\$ 465,742	\$ -
Special instruction	705,945	111,192	73,794	-
Other instruction	578,775	265,968	1,569	2,500
Support services:				
Student services	159,876	8,190	-	-
Instructional staff services	113,202	-	-	-
Administration services	653,605	-	-	-
Operation and maintenance of plant services	536,993	80,137	-	-
Transportation services	401,923	-	2,373	-
Non-instructional Programs	8,621	-	-	-
Other expenses:				
Facilities acquisition and Construction Services	327,173	45,876	-	3,250
Long-term debt interest	12,277	-	-	-
AEA flow through	216,716	-	216,716	-
Total governmental activities	<u>6,650,876</u>	<u>1,044,808</u>	<u>760,194</u>	<u>5,750</u>
Business-type activities:				
Non-instructional programs:				
Food service operations	<u>355,484</u>	<u>229,026</u>	<u>151,107</u>	<u>-</u>
Total Primary Government	<u>\$ 7,006,360</u>	<u>\$ 1,273,834</u>	<u>\$ 911,301</u>	<u>\$ 5,750</u>
GENERAL REVENUES:				
Property tax levied for:				
General purposes				
Debt service				
Capital Outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Sale of non-capital assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position beginning of year				
Prior period adjustment				
Net position beginning of year as restated				
Net position end of year				

See notes to financial statements.

EXHIBIT B

Net (Expense) Revenues
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (1,936,583)	\$ -	\$ (1,936,583)
(520,959)	-	(520,959)
(308,738)	-	(308,738)
(151,686)	-	(151,686)
(113,202)	-	(113,202)
(653,605)	-	(653,605)
(456,856)	-	(456,856)
(399,550)	-	(399,550)
(8,621)	-	(8,621)
(278,047)	-	(278,047)
(12,277)	-	(12,277)
-	-	-
<u>(4,840,124)</u>	<u>-</u>	<u>(4,840,124)</u>
-	24,649	24,649
<u>\$ (4,840,124)</u>	<u>\$ 24,649</u>	<u>\$ (4,815,475)</u>
\$ 1,881,902	\$ -	\$ 1,881,902
150,437	-	150,437
228,988	-	228,988
98,295	-	98,295
532,148	-	532,148
2,473,416	-	2,473,416
3,282	115	3,397
300	-	300
17,825	-	17,825
<u>5,386,593</u>	<u>115</u>	<u>5,386,708</u>
546,469	24,764	571,233
6,143,848	201,815	6,345,663
<u>(2,475,668)</u>	<u>(116,055)</u>	<u>(2,591,723)</u>
<u>3,668,180</u>	<u>85,760</u>	<u>3,753,940</u>
<u>\$ 4,214,649</u>	<u>\$ 110,524</u>	<u>\$ 4,325,173</u>

See notes to the financial statements

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Debt Service	Capital Projects	Management Levy	Non-Major Special Revenue Student Activity	Total
Assets						
Cash and pooled investments	\$ 2,311,404	\$ 25,611	\$ 724,205	\$ 113,333	\$ 199,658	\$ 3,374,211
Receivables:						
Property Tax:						
Delinquent	24,423	2,190	3,334	3,736	-	33,683
Succeeding year	1,805,166	-	234,998	320,000	-	2,360,164
Accounts	2,624	-	-	-	885	3,509
Notes Receivable	11,290	-	-	-	-	11,290
Due from other funds	13,604	-	-	-	-	13,604
Due from other governments	314,030	-	122,365	-	-	436,395
Total Assets	<u>4,482,541</u>	<u>27,801</u>	<u>1,084,902</u>	<u>437,069</u>	<u>200,543</u>	<u>6,232,856</u>
Liabilities						
Liabilities:						
Accounts Payable	165,438	-	113,889	-	21,490	300,817
Salaries and benefits payable	481,900	-	-	8,381	-	490,281
Due to other funds	-	-	13,490	-	-	13,490
Total liabilities	<u>647,338</u>	<u>-</u>	<u>127,379</u>	<u>8,381</u>	<u>21,490</u>	<u>804,588</u>
Deferred Inflows of Resources						
Unavailable Revenue -						
Succeeding year property tax	1,805,166	-	234,998	320,000	-	2,360,164
Income Surtax	98,058	-	-	-	-	98,058
Total Deferred Inflows of Resources	<u>1,903,224</u>	<u>-</u>	<u>234,998</u>	<u>320,000</u>	<u>-</u>	<u>2,458,222</u>
Fund balances:						
Restricted for:						
Categorical funding	75,563	-	-	-	-	75,563
Debt service	-	27,801	-	-	-	27,801
Management and levy purposes	-	-	-	108,688	-	108,688
Student activities	-	-	-	-	179,053	179,053
School Infrastructure	-	-	578,899	-	-	578,899
Physical plant and equipment	-	-	143,626	-	-	143,626
Unassigned	1,856,416	-	-	-	-	1,856,416
Total Fund Balances	<u>1,931,979</u>	<u>27,801</u>	<u>722,525</u>	<u>108,688</u>	<u>179,053</u>	<u>2,970,046</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,482,541</u>	<u>\$ 27,801</u>	<u>\$ 1,084,902</u>	<u>\$ 437,069</u>	<u>\$ 200,543</u>	<u>\$ 6,232,856</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance of governmental funds (page 17)	\$ 2,970,046
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,681,743
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	98,058
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(7,544)
--	---------

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred Outflows of Resources	\$ 411,260	
Deferred Inflows of Resources	<u>(755,210)</u>	(343,950)

Long-term liabilities, including bonds payable, early retirement, capital lease liability, net pension liability, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Early retirement payable	\$ 126,820	
Capital lease	480,004	
Net Pension liability	1,980,248	
Net OPEB liability	<u>596,632</u>	<u>(3,183,704)</u>

Net position of governmental activities (page 14)	\$ <u><u>4,214,649</u></u>
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AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Debt Service	Capital Projects	Management Levy	Non-Major Special Revenue Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 1,735,597	\$ 150,437	\$ 761,137	\$ 249,064	\$ -	\$ 2,896,235
Tuition	623,066	-	-	-	-	623,066
Other	139,115	-	50,911	65	261,030	451,121
State sources	3,087,160	1,367	2,081	1,994	-	3,092,602
Federal sources	139,983	-	-	-	-	139,983
Total Revenues	<u>5,724,921</u>	<u>151,804</u>	<u>814,129</u>	<u>251,123</u>	<u>261,030</u>	<u>7,203,007</u>
Expenditures:						
Governmental Activities:						
Instruction:						
Regular instruction	2,797,362	-	81,446	137,874	-	3,016,682
Special instruction	716,834	-	-	-	-	716,834
Other instruction	319,859	-	991	-	258,542	579,392
Support services:						
Student services	161,134	-	-	1,202	-	162,336
Instructional staff services	93,157	-	10,111	5,309	-	108,577
Administration services	623,252	-	29,901	37,241	-	690,394
Operation and maintenance of plant services	382,070	-	44,564	98,530	-	525,164
Transportation services	262,839	-	49,834	21,578	-	334,251
Non-instructional Programs	-	-	-	8,621	-	8,621
Other expenditures:						
Facilities and equipment acquisition	-	-	365,283	-	-	365,283
Long-term debt:						
Principal	-	204,312	-	-	-	204,312
Interest and fiscal charges	-	11,854	-	-	-	11,854
AEA flow through	216,716	-	-	-	-	216,716
Total expenditures	<u>5,573,223</u>	<u>216,166</u>	<u>582,130</u>	<u>310,355</u>	<u>258,542</u>	<u>6,940,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>151,698</u>	<u>(64,362)</u>	<u>231,999</u>	<u>(59,232)</u>	<u>2,488</u>	<u>262,591</u>
Other financing sources (uses):						
Sale of capital assets	700	-	-	-	-	700
Operating transfers in	-	65,066	-	-	-	65,066
Operating transfers out	-	-	(65,066)	-	-	(65,066)
Total other financing sources (uses)	<u>700</u>	<u>65,066</u>	<u>(65,066)</u>	<u>-</u>	<u>-</u>	<u>700</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>152,398</u>	<u>704</u>	<u>166,933</u>	<u>(59,232)</u>	<u>2,488</u>	<u>263,291</u>
Fund balances beginning of year	1,779,581	27,097	555,592	167,920	176,565	2,706,755
Fund balances end of year	<u>\$ 1,931,979</u>	<u>\$ 27,801</u>	<u>\$ 722,525</u>	<u>\$ 108,688</u>	<u>\$ 179,053</u>	<u>\$ 2,970,046</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds (page 19) \$ 263,291

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 402,332	
Depreciation/amortization expense	<u>(395,233)</u>	7,099

In the Statement of Activities, a gain (loss) on disposal of capital assets is recognized based on the difference between the cash received and the net book value of capital assets disposed. (19,667)

Income surtaxes and receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities. (4,464)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (423)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	\$ 22,613	
Pension Expense	151,470	
Other postemployment benefits	<u>(77,762)</u>	96,321

The repayment of the principal of bonded long-term debt as well as long-term notes payable consume the current resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt or long-term notes payable. The principal paid on these items during the current year was:

204,312

Change in net position of governmental activities (page 16) \$ 546,469

EXHIBIT G

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2015

School
Nutrition**ASSETS****Current Assets:**

Cash and cash equivalents	\$ 162,663
Receivables:	
Due from other governments	19,449
Inventories	8,526
Total Current Assets	<u>190,638</u>

Noncurrent Assets:

Infrastructure, Ppeorty and Equipment, Net of Accumulated Depreciation	44,813
Total Noncurrent Assets	<u>44,813</u>
Total Assets	<u>235,451</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Deferred Outflows	<u>19,279</u>
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LIABILITIES**Current Liabilities**

Accounts payable	684
Due to other funds	114
Unearned revenue	4,824
Total Current Liabilities	<u>5,622</u>

Noncurrent Liabilities

Net OPEB liability	10,350
Net Pension liability	92,831
Total Noncurrent Liabilities	<u>103,181</u>
Total Liabilities	<u>108,803</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related Deferred Inflows	<u>35,403</u>
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NET POSITION

Net investment in capital assets	44,813
Unrestricted	65,711
Total Net Position	<u>\$ 110,524</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>School Nutrition</u>
Operating revenues:	
Charges for service	\$ 229,026
Total Operating Revenue	<u>229,026</u>
Operating expenses:	
Food service operations:	
Salaries	160,725
Benefits	34,048
Purchased services	2,234
Supplies	140,606
Depreciation	13,048
Other operating costs	<u>4,823</u>
Total operating expenses	<u>355,484</u>
Operating loss	<u>(126,458)</u>
Non-operating revenues:	
Interest income	115
State Lunch Reimbursements	2,713
National School Lunch Program	121,944
Federal Food Commodities Received	<u>26,450</u>
Total non-operating revenues	<u>151,222</u>
Change in net position	24,764
Net position beginning of year	201,815
Prior period adjustment	<u>(116,055)</u>
Net position beginning of year, as restated	<u>85,760</u>
Net position end of year	<u><u>\$ 110,524</u></u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 197,315
Cash received from miscellaneous operating activities	22,661
Cash paid to employees for services	(199,472)
Cash paid to suppliers for goods or services	(121,233)
Net cash used by operating activities	<u>(100,729)</u>
Cash flows from non-capital financing activities:	
State grants received	2,713
Federal grants received	121,944
Increase in due from other funds	101
Net cash provided by non-capital financing activities	<u>124,758</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,159)
Net cash used by capital and related financing activities	<u>(3,159)</u>
Cash flows from investing activities:	
Interest on investments	115
Net cash provided by investing activities	<u>115</u>
Net increase in cash and cash equivalents	20,985
Cash and cash equivalents beginning of year	<u>141,678</u>
Cash and cash equivalents end of year	<u><u>\$ 162,663</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (126,458)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	26,450
Depreciation	13,048
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	144
Intergovernment receivable	(10,154)
Inventory	(682)
Accounts payable	662
Salaries and Benefits Payable	(1,161)
Unearned revenue	960
Net Pension Liability	(36,902)
Deferred Outflows of Resources	(5,601)
Deferred Inflows of Resources	35,403
Other postemployment benefits	<u>3,562</u>
Net cash used by operating activities	<u><u>\$ (100,729)</u></u>

Non-cash investing, capital and financing activities:

During the year ending June 30, 2015, the District received \$26,450 of federal commodities.

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency Funds</u>	
	<u>Employee Flex Account</u>	<u>Athletic Boosters</u>
ASSETS:		
Cash and pooled investments	\$ 5,927	\$ 124
Total assets	<u>5,927</u>	<u>124</u>
LIABILITIES		
Accounts payable	27	-
Due to others	5,900	124
Total liabilities	<u>5,927</u>	<u>124</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Akron-Westfield Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic areas served include the Cities of Akron and Westfield, Iowa, the predominant agricultural territory in Plymouth County, and the Elk-Point Jefferson School District in Union County, South Dakota through the Interstate School District Compact. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

- A. Reporting Entity - For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the GASB criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Plymouth County Assessor's Conference Board.

B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Unrestricted Net Position - Consist of net position not meeting the definition of the preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The remaining nonmajor fund is designated as such on the fund financial statements. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund, is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Employee Flex Account Fund is used to account for employee contributions to flexible spending accounts and for disbursements made to those employees for the eligible expenses they incur.

The Athletic Boosters Fund is used to account for revenues earned and expenditures incurred by the District's Athletic Boosters.

- C. Measurement Focus and Basis of Accounting - The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and special termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1-1/2 percent per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	
Land	\$ 2,000
Building and improvements	10,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	5 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collections items.

Due to a failure with the wind turbine's gearbox the District's wind turbine has been out of operation since January 2011. The District is currently investigating options to get the turbine into operating condition but due to the length of time the turbine has been inoperable the asset is considered temporarily impaired. Therefore, the asset is still being recognized on the financial statements but is no longer being depreciated.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Unearned revenue in the Statement of Net Position consists of unused hot lunch revenue.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense / expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow or resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity - In the governmental fund financial statements, fund balance are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED):

imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

NOTE 2 - CASH AND POOLED INVESTMENTS:

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES:

The detail of interfund receivable and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 13,490
General	School Nutrition	114

The Capital Projects Fund and School Nutrition Fund is repaying the General Fund for receipts that should have been deposited into the General Fund.

NOTE 4 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 65,066

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 5 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,388	\$ -	\$ -	\$ 11,388
Construction in progress	133,500	325,262	326,703	132,059
Wind turbine	186,671	-	-	186,671
Total capital assets not being depreciated	<u>331,559</u>	<u>325,262</u>	<u>326,703</u>	<u>330,118</u>
Capital assets being depreciated:				
Building	7,667,072	326,703	-	7,993,775
Improvements other than buildings	324,264	-	-	324,264
Furniture and equipment	1,735,769	77,070	80,660	1,732,179
Intangibles	52,389	-	-	52,389
Total capital assets being depreciated	<u>9,779,494</u>	<u>403,773</u>	<u>80,660</u>	<u>10,102,607</u>
Less accumulated depreciation for:				
Buildings	4,048,168	224,422	-	4,272,590
Improvements other than buildings	223,421	5,405	-	228,826
Furniture and equipment	1,132,056	160,167	60,993	1,231,230
Intangibles	13,097	5,239	-	18,336
Total accumulated depreciation	<u>5,416,742</u>	<u>395,233</u>	<u>60,993</u>	<u>5,750,982</u>
Total capital assets being depreciated, net	<u>4,362,752</u>	<u>8,540</u>	<u>19,667</u>	<u>4,351,625</u>
Governmental activities capital assets, net	<u>\$4,694,311</u>	<u>\$333,802</u>	<u>\$ 346,370</u>	<u>\$4,681,743</u>
Business-type activities:				
Furniture and equipment	\$ 130,421	\$ 3,158	\$ 416	\$ 133,163
Less accumulated depreciation	75,718	13,048	416	88,350
Business-type activities capital assets, net	<u>\$ 54,703</u>	<u>\$ (9,890)</u>	<u>\$ -</u>	<u>\$ 44,813</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 5 - CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 7,497
Other	7,111
	<u>14,608</u>

Support services:

Instructional staff	5,239
Operation and maintenance of plant	21,933
Transportation	121,093
	<u>148,265</u>

Other expenses:

Facilities acquisition and construction	<u>232,360</u>
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Total depreciation expense – governmental activities	<u>\$ 395,233</u>
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Business-type activities:

Food service operations	<u>\$ 13,048</u>
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Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 11,388	\$ -
Construction in Progress	132,059	-
Capital Assets (net of accumulated depreciation)	4,538,296	44,813
Less: Hoglund Bus Lease	259,632	-
Hoglund Bus Lease	126,923	-
Net Investment in Capital Assets	<u>\$ 4,295,188</u>	<u>\$ 44,813</u>

NOTE 6 - LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Apple Computer Lease	\$ 93,449	\$ -	\$ -	\$ 93,449	\$ 93,449
Hoglund Bus Lease	295,448	-	35,816	259,632	36,633
Hoglund Bus Lease	145,419	-	18,496	126,923	18,931
Termination Benefits	160,332	57,166	82,297	135,201	46,566
Net Pension Liability	2,767,440	-	787,192	1,980,248	-
Net OPEB Liability	518,870	77,762	-	596,632	-
Total	<u>\$3,980,958</u>	<u>\$ 134,928</u>	<u>\$ 923,801</u>	<u>\$3,192,085</u>	<u>\$195,579</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED):

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net Pension Liability	\$ 129,733	\$ -	\$ 36,902	\$ 92,831	\$ -
Net OPEB liability	6,788	3,562	-	10,350	-
	<u>\$ 136,521</u>	<u>\$ 3,562</u>	<u>\$ 36,902</u>	<u>\$ 103,181</u>	<u>\$ -</u>

Capital Leases

On July 5, 2013, the District entered into a three-year lease agreement as lessee for financing the acquisition of laptops as part of the 1:1 Laptop Incentive. This initiative was approved by the District to provide laptops for students and faculty use. The laptops and accessories included in this capital lease agreement individually fall below the District's capitalization policy and therefore, none of these items were capitalized. The interest rate of the lease is 2.5%.

On March 11, 2013, the District entered into a four-year lease agreement as lessee for financing the acquisition of four school buses. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The interest rate of the lease is 2.28%.

On February 25, 2014, the District entered into a four-year lease agreement as lessee for financing the acquisition of two school buses. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The interest rate of the lease is 2.35%.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Furniture and Equipment	\$ 505,000
Less: Accumulated Depreciation	(179,733)
Total	<u>\$ 325,267</u>

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2015.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 149,013	\$ 11,239	\$ 160,252
2017	330,991	8,369	339,360
Minimum Lease Payments			499,612
Less: Amount Representing Interest			(19,608)
Present Value of Minimum Lease Payments			<u>\$ 480,004</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED):

Early Retirement - During 1993, and revised in January 2013, the District's Board of Education established an early retirement policy. All licensed professional employees who have completed at least 15 years of service with the District and are at least 55 of age on or before June 30 are eligible to make application for retirement benefits. Benefits are payable in two equal installments on January 20 of the two succeeding years after retirement. Benefits are based upon thirty percent of the employee's current salary. In addition, the District provides a monthly benefit of \$300 for employees retiring in fiscal year 2004, \$425 for employees retiring in fiscal years 2005 through 2009, \$475 for employees retiring in fiscal year 2010, \$500 for employees retirement in fiscal year 2012, and \$520 for employees retirement in fiscal year 2013 and thereafter until the earlier of the employee's death or reaching age 65.

At June 30, 2015, the District had obligations to twelve participants with a total liability of \$135,201 extending through the year ending June 30, 2024. Early retirement benefits paid during the year ended June 30, 2015 totaled \$139,351. The total liability for early retirement is recorded in the government-wide financial statements.

NOTE 7 - PENSION PLAN:

Plan description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 7 - PENSION PLAN (CONTINUED):

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The District's total contributions to IPERS for the year ended June 30, 2015 were \$314,260.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,073,079 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.0522725 percent, which was an increase of 0.001814 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of (\$158,570). At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 7 - PENSION PLAN (CONTINUED):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,530	\$ -
Changes of assumptions	91,490	-
Net difference between projected and actual earnings on pension plan investments	-	790,613
Changes in proportion and differences between District contributions and proportionate share of contributions	2,259	-
District contributions subsequent to the measurement date	314,260	-
Total	<u>\$ 430,539</u>	<u>\$ 790,613</u>

\$314,260 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (170,485)
2017	(170,485)
2018	(170,485)
2019	(170,485)
2020	7,606
	<u>\$ (674,334)</u>

There were no non-employer contributing entities at IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2014)	4.00 to 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 7 - PENSION PLAN (CONTINUED):

asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net Pension liability	\$ 3,917,025	\$ 2,073,079	\$ 516,598

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description - The District operates a single-employer benefit plan which provides medical and prescription drug benefits. There are 63 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount implicitly contributed to the plan and changes in the District's net OPEB obligation:

Annual requirement contribution	\$ 153,960
Interest on net OPEB obligation	16,417
Adjustment to annual required contribution	(22,397)
Annual OPEB cost	147,980
Contributions Made	(66,656)
Increase in net OPEB obligation	81,324
Net OPEB obligation beginning of year	525,658
Net OPEB obligation end of year	<u>\$ 606,982</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the implicit contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District had an implicit contribution of \$66,656 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 202,331	41.7%	\$ 118,028
2011	200,731	42.0%	234,456
2012	199,108	34.5%	364,822
2013	147,980	54.96%	446,146
2014	147,827	46.21%	525,658
2015	147,980	45.04%	606,982

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1.189 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.189 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3.535 million and the ratio of the UAAL to covered payroll was 48.4 percent. As of June 30, 2015, there were no trust fund assets.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the Alternative Measurement Method was used. The actuarial assumptions includes a 4.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 7 percent. The ultimate medical trend rate is 5 percent. The medical trend rate is reduced 1 percent each year until reaching the 5 percent ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables, applied on a gender-specific basis.

Projected claim costs of the medical plan are estimated between \$413 to \$993 per month based on coverage for retirees less than age 65. The salary increase rate was assumed to be 1.0 percent per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$216,716 for the year ended June 30, 2015 and is recorded in the General Fund by making an adjusting entry to the cash basis financial statements.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 11 - CONSTRUCTION COMMITMENTS:

The District had entered into various construction contracts totaling \$363,011 for improvements to buildings. As of June 30, 2015, costs of \$341,586 had been incurred against the contracts. The balance of \$21,425 remaining at June 30, 2015 will be paid as work on the contracts progress.

NOTE 12 - LEASE COMMITMENT:

The District is using operating leases to rent copier equipment. The minimum lease payments required are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payment</u>
2016	\$ <u>14,430</u>

NOTE 13 – ACCOUNTING CHANGE / RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net Position June 30, 2014, as previously reported	\$ 6,143,848	\$ 201,815
Net Pension Liability at June 30, 2014	(2,767,440)	(129,733)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	291,772	13,678
Net Position June 30, 2014, as restated	<u>\$ 3,668,180</u>	<u>\$ 85,760</u>

REQUIRED SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES

BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u> <u>Original/Final</u>	<u>Governmental</u> <u>Funds</u> <u>Actual</u>	<u>Proprietary</u> <u>Funds</u> <u>Actual</u>
Revenues:			
Local sources	\$ 3,930,067	\$ 3,970,422	\$ 229,141
State sources	3,204,992	3,092,602	2,713
Federal sources	<u>261,100</u>	<u>139,983</u>	<u>148,394</u>
Total revenues	<u>7,396,159</u>	<u>7,203,007</u>	<u>380,248</u>
Expenditures:			
Instruction	5,200,000	4,312,908	-
Support services	3,153,752	1,820,722	-
Non-instructional programs	310,000	8,621	355,484
Other expenditures	<u>882,981</u>	<u>798,165</u>	<u>-</u>
Total expenditures	<u>9,546,733</u>	<u>6,940,416</u>	<u>355,484</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,150,574)	262,591	24,764
Other financing sources (uses):			
Proceeds of fixed asset dispositions	<u>2,000</u>	<u>700</u>	<u>-</u>
Total other financing sources (uses)	<u>2,000</u>	<u>700</u>	<u>-</u>
Net change in fund balances	(2,148,574)	263,291	24,764
Balances beginning of year	<u>2,905,570</u>	<u>2,706,755</u>	<u>201,815</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(116,055)</u>
Balances end of year	<u>\$ 756,996</u>	<u>\$ 2,970,046</u>	<u>\$ 110,524</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Final to Actual Variance</u>
\$ 4,199,563	\$ 269,496
3,095,315	(109,677)
288,377	27,277
<u>7,583,255</u>	<u>187,096</u>
4,312,908	887,092
1,820,722	1,333,030
364,105	(54,105)
798,165	84,816
<u>7,295,900</u>	<u>2,250,833</u>
287,355	2,437,929
700	(1,300)
<u>700</u>	<u>(1,300)</u>
288,055	\$ 2,436,629
<u>2,908,570</u>	
<u>(116,055)</u>	
<u>\$ 3,080,570</u>	

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
District's proportion of the net pension liability	0.0522725%
District's proportionate share of the net pension liability	\$ 2,073
District's covered-employee payroll	\$ 3,453
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	60.03%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 314	\$ 308	\$ 287	\$ 278	\$ 231
Contributions in relation to the statutorily required contribution	(314)	(308)	(287)	(278)	(231)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,519	\$ 3,453	\$ 3,308	\$ 3,444	\$ 3,320
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 227	\$ 222	\$ 202	\$ 181	\$ 180
Contributions in relation to the statutorily required contribution	(227)	(222)	(202)	(181)	(180)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,418	\$ 3,496	\$ 3,334	\$ 3,140	\$ 3,136
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditors' report

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION --
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE

RETIREE HEALTH PLAN (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year ending June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 1,505	\$ 1,505	0.0%	\$ 2,630	57.2%
2011	July 1, 2009	-	1,505	1,505	0.0%	3,019	49.9%
2012	July 1, 2009	-	1,505	1,505	0.0%	2,948	51.1%
2013	July 1, 2012	-	1,189	1,189	0.0%	2,459	48.4%
2014	July 1, 2012	-	1,189	1,189	0.0%	3,535	33.6%
2015	July 1, 2012	-	1,189	1,189	0.0%	3,672	32.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET - CAPITAL PROJECT ACCOUNTS
JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 597,609	\$ 126,596	\$ 724,205
Receivables:			
Property tax:			
Delinquent	-	3,334	3,334
Succeeding year	-	234,998	234,998
Due from other governments	107,226	15,139	122,365
Total assets	<u>704,835</u>	<u>380,067</u>	<u>1,084,902</u>
Liabilities			
Accounts payable	112,446	1,443	113,889
Due to other funds	13,490	-	13,490
Total liabilities	<u>125,936</u>	<u>1,443</u>	<u>127,379</u>
Deferred Inflows of Resources			
Unavailable Revenue-			
Succeeding year property tax	-	234,998	234,998
Total Deferred Inflows of Resources	<u>-</u>	<u>234,998</u>	<u>234,998</u>
Fund Balances:			
Restricted for:			
School infrastructure	578,899	-	578,899
Physical plant and equipment	-	143,626	143,626
Total fund balances	<u>578,899</u>	<u>143,626</u>	<u>722,525</u>
Total liabilities, deferred inflows of Resources, and fund balances	<u>\$ 704,835</u>	<u>\$ 380,067</u>	<u>\$ 1,084,902</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CAPITAL PROJECT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and <u>Use Tax</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 532,149	\$ 228,988	\$ 761,137
Other	35,772	15,139	50,911
State sources:	-	2,081	2,081
Total revenues	<u>567,921</u>	<u>246,208</u>	<u>814,129</u>
Expenditures:			
Governmental Activities:			
Instruction:			
Regular instruction	70,898	10,548	81,446
Other instruction	-	991	991
Support Services:			
Instructional staff services	8,533	1,578	10,111
Administration services	29,901	-	29,901
Operation and maintenance of plant services	-	44,564	44,564
Transportation services	49,834	-	49,834
Other expenditures:			
Facilities and equipment acquisition	345,300	19,983	365,283
Total expenditures	<u>504,466</u>	<u>77,664</u>	<u>582,130</u>
Excess (deficiency) of revenues over (under) expenditures	63,455	168,544	231,999
Other financing sources:			
Operating Transfers Out	-	(65,066)	(65,066)
Total other financing sources	<u>-</u>	<u>(65,066)</u>	<u>(65,066)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	63,455	103,478	166,933
Fund balances beginning of year	<u>515,444</u>	<u>40,148</u>	<u>555,592</u>
Fund balances end of year	<u>\$ 578,899</u>	<u>\$ 143,626</u>	<u>\$ 722,525</u>

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2015

ACCOUNT:	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Ag. and industrial arts resale	\$ 1,308	\$ -	\$ -	\$ (1,308)	\$ -
Art club	2,407	325	-	-	2,732
Art-Science trip	-	19,079	18,694	-	385
Athletics	74,799	101,685	96,745	-	79,739
Athletic banquet	2,839	1,905	1,450	-	3,294
Athletic pop	-	2,120	758	(727)	635
Class of 2016	(411)	9,352	7,385	411	1,967
Class of 2015	1,103	-	-	(1,103)	-
Class of 2014	411	-	-	(411)	-
Community service day	119	-	-	-	119
Concessions	5,500	16,202	16,203	-	5,499
Drill team	2,972	15,757	14,937	-	3,792
Family Career Community Leader of America	(1,308)	-	-	1,308	-
Flags	-	249	-	(249)	-
Future Farmers of America	7,856	17,401	23,282	-	1,975
High school student council	3,880	4,100	5,035	1,103	4,048
High school outing donation	375	1,081	971	-	485
History day	-	5,058	7,809	2,751	-
Interest/Student resources	29,546	3,723	6,881	(5,470)	20,918
Lakeside lab	3,111	5,608	6,091	(1,600)	1,028
Middle school student council	5,052	4,243	5,150	-	4,145
Music boosters	12,422	6,742	9,491	-	9,673
Music - instrumental	3,030	9,332	7,271	-	5,091
Music - vocal	1,937	13,585	9,378	-	6,144
National Honor Society	-	-	503	503	-
PBS	3,079	3,183	2,518	-	3,744
Pep club	1,751	3,454	3,231	-	1,974
Project prom	2,423	3,628	3,442	-	2,609
Speech	-	1,686	7,629	5,943	-
Student Funding	4,437	-	-	(1,151)	3,286
Thespians	3,330	2,879	3,253	-	2,956
Western Roundup	4,597	8,653	435	-	12,815
Total	\$ 176,565	\$ 261,030	\$ 258,542	\$ -	\$ 179,053

See accompanying independent auditor's report.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Addi- tions	Deduc- tions	Balance June 30, 2015
Employee Flex				
<i>Assets</i>				
Cash and pooled investments	\$ 4,683	\$ 83,696	\$ 82,452	\$ 5,927
Accounts receivable	-	43,376	43,376	-
Total assets	<u>4,683</u>	<u>127,072</u>	<u>125,828</u>	<u>5,927</u>
<i>Liabilities</i>				
Accounts payable	61	2,378	2,412	27
Due to others	4,622	30,496	29,218	5,900
Total liabilities	<u>4,683</u>	<u>32,874</u>	<u>31,630</u>	<u>5,927</u>
Athletic Boosters				
<i>Assets</i>				
Cash and pooled investments	-	20,372	20,248	124
Accounts receivable	2,326	-	2,326	-
Due from others	124	-	124	-
Total assets	<u>2,450</u>	<u>20,372</u>	<u>22,698</u>	<u>124</u>
<i>Liabilities</i>				
Account payable	124	-	124	-
Due to others	2,326	16,875	19,077	124
Total liabilities	<u>2,450</u>	<u>16,875</u>	<u>19,201</u>	<u>124</u>
Total All Agency Funds				
<i>Assets</i>				
Cash and pooled investments	4,683	104,068	102,700	6,051
Accounts receivable	2,326	43,376	45,702	-
Due from others	124	-	124	-
Total Assets	<u>7,133</u>	<u>147,444</u>	<u>148,526</u>	<u>6,051</u>
<i>Liabilities</i>				
Accounts payable	185	2,378	2,536	27
Due to others	6,948	47,371	48,295	6,024
Total Liabilities	<u>\$ 7,133</u>	<u>\$ 49,749</u>	<u>\$ 50,831</u>	<u>\$ 6,051</u>

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,896,235	\$ 2,803,309	\$ 2,783,148	\$ 2,826,966	\$ 2,839,379	\$ 2,688,692	\$ 2,667,371	\$ 2,582,687	\$ 2,626,442	\$ 2,527,810
Tuition	623,066	568,144	485,511	484,282	464,106	542,708	497,991	529,388	582,247	656,329
Other	451,121	463,633	408,465	496,353	442,400	554,409	517,681	491,531	574,622	569,013
State sources	3,092,602	3,091,148	2,734,794	2,908,492	2,712,078	2,359,204	2,678,934	2,576,808	2,466,557	2,315,907
Federal sources	139,983	189,464	203,415	266,900	214,469	521,659	203,349	165,957	180,968	236,879
Total	<u>7,203,007</u>	<u>7,115,698</u>	<u>6,615,333</u>	<u>6,982,993</u>	<u>6,672,432</u>	<u>6,666,672</u>	<u>6,565,326</u>	<u>6,346,371</u>	<u>6,430,836</u>	<u>6,305,938</u>
Expenditures										
Instruction:										
Regular instruction	3,016,682	2,900,303	3,002,550	2,552,843	2,621,319	2,660,779	2,661,681	2,592,924	2,417,078	2,268,824
Special instruction	716,834	732,022	659,124	515,255	615,337	743,909	677,068	639,231	585,123	558,794
Other instruction	579,392	573,867	553,535	937,076	590,252	680,969	621,408	604,438	660,313	695,396
Support services:										
Student services	162,336	196,029	193,672	183,033	169,571	196,574	177,720	179,291	173,562	169,917
Instructional staff services	108,577	108,454	114,094	253,837	82,872	87,339	83,968	128,926	98,475	138,848
Administration services	690,394	746,750	655,585	671,776	643,076	608,856	610,846	511,506	504,489	518,034
Operation and maintenance of plant services	525,164	553,167	476,078	500,328	381,449	520,512	420,374	529,775	558,584	651,804
Transportation services	334,251	1,123,211	316,077	420,497	273,010	288,794	306,733	326,744	358,803	364,074
Non-instructional programs	8,621	-	-	-	-	-	-	-	-	-
Other expenditures:										
Facilities and equipment acquisition	365,283	374,818	299,809	475,278	534,151	250,522	452,057	156,079	340,670	33,686
Long-term debt:										
Principal	204,312	451,087	200,000	180,000	170,000	170,000	160,000	245,903	257,501	109,989
Interest and other charges	11,854	8,049	16,466	28,083	34,152	39,712	45,153	53,613	62,198	148,392
A&A flow through	216,716	203,455	196,349	197,449	217,172	212,813	182,896	174,153	169,290	162,508
Total	<u>\$ 6,940,416</u>	<u>\$ 7,971,212</u>	<u>\$ 6,683,339</u>	<u>\$ 6,915,455</u>	<u>\$ 6,332,361</u>	<u>\$ 6,460,779</u>	<u>\$ 6,399,904</u>	<u>\$ 6,142,583</u>	<u>\$ 6,186,086</u>	<u>\$ 5,820,266</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Akron-Westfield Community School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Akron-Westfield Community School District's basic financial statements, and have issued our report thereon dated February 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Akron-Westfield Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Akron-Westfield Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Akron-Westfield Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as item 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Akron-Westfield Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Akron-Westfield Community School District's Response to Findings

The Akron-Westfield Community School District's response to findings identified in our audit is described in the accompanying schedule of findings. Akron-Westfield Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Akron-Westfield Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 1, 2016

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESSES:

2015-001 Financial Reporting – Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the District train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – District management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

2015-002 Financial Accounting – Segregation of Duties

Condition and Criteria – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements (Continued):

Cause – With a limited number of personnel and time-constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials – The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Statutory Reporting:

III-A-15

Certified Budget

Condition and Criteria – District expenditures during the year ended June 30, 2015 exceeded the amounts budgeted in the non-instructional function.

Effect – The District is not in compliance with Chapter 24.9 of the Code of Iowa.

Cause – Due to increase food and payroll costs, the district exceeded the budget in the non-instructional function. Due to limited personnel and time constraints, the District did not amend the budget to reflect these increased costs.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

III-B-15

Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-15

Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

III-D-15

Business Transactions – No business transactions between the District and District officials or employees were noted.

III-E-15

Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-15

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

III-G-15

Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

AKRON-WESTFIELD COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part III: Other Findings Related to Statutory Reporting (Continued)

- III-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- III-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.
- III-K-15 Categorical funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- III-L-15 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$ 515,444
Revenues:		
Sales tax revenues	\$ 532,149	
Other local revenues	<u>35,772</u>	567,921
Expenditures:		
School infrastructure construction	345,300	
Equipment purchased	<u>159,166</u>	<u>(504,466)</u>
Ending Balance		<u>\$ 578,899</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- III-M-15 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. All accounts reported in the Special Revenue, Student Activity Fund appear to be extracurricular or co-curricular in nature.